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SULPHUR PARKS AND RECREATION  
SULPHUR, LOUISIANA

ANNUAL FINANCIAL REPORT  
AND INDEPENDENT AUDITORS' REPORT

Year Ended December 31, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/29/07

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**SULPHUR PARKS AND RECREATION**  
Sulphur, Louisiana

**Management's Discussion and Analysis**

Within this section of Sulphur Parks and Recreation's (District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2006. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

**FINANCIAL HIGHLIGHTS**

- The District's assets exceeded its liabilities by \$37,984,217 (net assets) for the fiscal year reported.
- Total revenues of \$7,018,614 exceeded total expenditures of \$4,395,703, which resulted in a current year surplus of \$2,622,911, which is an increase from the prior year surplus of \$2,272,810.
- Total net assets are comprised of the following:
  - (1) Capital assets, net of related debt, of \$30,263,383 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  - (2) Net assets of \$1,532,683 are restricted by constraints imposed from outside the District such as debt covenants, grantors, laws, or regulations.
  - (3) Unrestricted net assets of \$6,188,151 represent the portion available to maintain the District's continuing obligations to citizens and creditors.
- The District's governmental funds reported total ending fund balance of \$7,851,475 this year. This compares to the prior year ending fund balance of \$6,518,746, reflecting an increase of \$1,332,729 during the current year.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$6,169,254, or 139% of total General Fund expenditures and 113% of total General Fund revenues.
- Overall, the District continues to maintain a strong financial position and is continuing to work to improve on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

SULPHUR PARKS AND RECREATION  
Sulphur, Louisiana

Management's Discussion and Analysis (Continued)

OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the taxpayer base, or the condition of District infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the District's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

Both government-wide financial statements distinguish governmental activities of the District that are principally supported by property taxes and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include principally general government and recreation.

The government-wide financial statements are presented on pages 16 and 17 of this report.

SULPHUR PARKS AND RECREATION  
Sulphur, Louisiana

Management's Discussion and Analysis (Continued)

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The District has one kind of fund:

*Governmental funds* are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 20 through 24 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 25 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the District's budget presentations. Budgetary comparison statements are included as "required supplemental information" for the general fund. These statements and schedules demonstrate compliance with the District's adopted and final revised budget. Required supplemental information can be found on page 39 of this report.

SULPHUR PARKS AND RECREATION  
Sulphur, Louisiana

Management's Discussion and Analysis (Continued)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net assets at fiscal year-end are \$37,984,217. The following table provides a summary of the District's net assets:

	<u>2006</u>		<u>2005</u>	
<b>Assets:</b>				
Current assets and other assets	\$ 8,161,724	18%	\$ 7,338,617	16%
Capital assets	<u>38,308,383</u>	<u>82</u>	<u>37,993,191</u>	<u>84</u>
Total assets	<u>46,470,107</u>	<u>100%</u>	<u>45,331,808</u>	<u>100%</u>
<b>Liabilities:</b>				
Current liabilities	1,445,890	17%	1,925,502	19%
Long-term liabilities	<u>7,040,000</u>	<u>83</u>	<u>8,045,000</u>	<u>81</u>
Total liabilities	<u>8,485,890</u>	<u>100%</u>	<u>9,970,502</u>	<u>100%</u>
<b>Net assets:</b>				
Investment in capital assets, net of debt	30,263,383	80%	28,988,191	82%
Restricted	1,532,683	4	1,211,824	3
Unrestricted	<u>6,188,151</u>	<u>16</u>	<u>5,161,291</u>	<u>15</u>
Total net assets	<u>\$ 37,984,217</u>	<u>100%</u>	<u>\$ 35,361,306</u>	<u>100%</u>

The District continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio is 5.6 to 1 (3.8 to 1 for 2005).

The District reported positive balances in net assets, which increased by \$2,622,911 (\$2,272,810 increase for 2005). The District's overall financial position improved during the fiscal year 2006.

Note that approximately 80% (82% for 2005) of the governmental activities' net assets are tied up in capital. The District uses these capital assets to provide services to its taxpayers.

SULPHUR PARKS AND RECREATION  
Sulphur, Louisiana

Management's Discussion and Analysis (Continued)

The following table provides a summary of the District's changes in net assets:

	<u>2006</u>		<u>2005</u>	
Revenues:				
Program:				
Charges for services/fines	\$ 1,848,265	26%	\$ 1,540,747	24%
Operating grants	-	0	-	0
General:				
Property taxes	4,894,177	70	4,649,358	72
Other taxes	78,453	1	78,453	1
Interest	187,389	3	132,684	2
Other	10,330	-	18,129	1
Total Revenues	<u>7,018,614</u>	<u>100%</u>	<u>6,419,371</u>	<u>100%</u>
Program expenses:				
General and administrative	858,055	20%	751,732	18%
Recreation	1,291,377	29	1,498,648	36
Aquatic center	1,209,687	28	776,331	19
Golf course	635,863	14	671,751	16
Grill	41,157	1	48,993	1
Swimming pools	43,229	1	47,080	1
Tennis	29,950	-	32,483	1
Interest	286,385	7	319,543	8
Total Expenses	<u>4,395,703</u>	<u>100%</u>	<u>4,146,561</u>	<u>100%</u>
Change in net assets	2,622,911		2,272,810	
Beginning net assets	<u>35,361,306</u>		<u>33,088,496</u>	
Ending net assets	<u>\$ 37,984,217</u>		<u>\$ 35,361,306</u>	

SULPHUR PARKS AND RECREATION  
Sulphur, Louisiana

Management's Discussion and Analysis (Continued)

GOVERNMENTAL REVENUES

The District is heavily reliant on property taxes to support governmental operations. Property taxes provided 70% (72% for 2005) of the District's total revenues. Because of the District's healthy financial position, we have been able to earn \$187,389 in interest earnings to support governmental activities. Also note that program revenues cover only 26% (24% for 2005) of governmental operating expenses. This means that the government's taxpayers and the District's other general revenues fund 74% (76% for 2005) of the governmental activities. As a result, the general economy and the local businesses have a major impact on the District's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

Recreation services comprise 29% (36% for 2005) of the District's total expenses and golf course expenses are 14% (16% for 2005) of total District expenses. The Aquatic Center, which opened in May 2005, comprised 28% (19% for 2005) of the total expenses.

This table presents the cost of each of the District's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the District's taxpayers by each of these functions.

Governmental Activities

	<u>2006</u>		<u>2005</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General and administrative	\$ 858,055	\$ 858,055	\$ 751,732	\$ 751,732
Recreation	1,291,377	1,210,203	1,498,648	1,403,183
Aquatic Center	1,209,687	118,269	776,331	19,638
Golf course	635,863	5,089	671,751	40,331
Grill	41,157	168	48,993	2,124
Swimming pool	43,229	43,229	47,080	47,080
Tennis	29,950	26,040	32,483	22,183
Interest on long-term debt	<u>286,385</u>	<u>286,385</u>	<u>319,543</u>	<u>319,543</u>
Total	<u>\$ 4,395,703</u>	<u>\$ 2,547,438</u>	<u>\$ 4,146,561</u>	<u>\$ 2,605,814</u>

SULPHUR PARKS AND RECREATION  
Sulphur, Louisiana

Management's Discussion and Analysis (Continued)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements.

Governmental funds reported ending fund balances of \$7,851,475 (\$6,518,746 for 2005). Of this year-end total, \$6,169,254 is unreserved indicating availability for continuing District service requirements. Legally restricted fund balances (i.e., the reserved fund balances) include: \$18,897 for prepaid items and \$1,663,324 committed to service debt.

The total ending fund balances of governmental funds show an increase of \$1,332,729 (a decrease of \$1,043,576 for 2005).

MAJOR GOVERNMENTAL FUNDS

The General Fund is the District's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by \$1,026,860. In fiscal year 2005, the fund balance increased by \$138,783.

The revenues show an increase of \$599,243 or 9% over the prior year, primarily due to an increase in property tax revenues of \$244,819 and increase in revenue from the aquatic center of \$334,725. The expenditures side show a decrease of \$1,777,062 or 24% from the prior year. This decrease related primarily to lesser amounts of capital assets purchased in 2006 as compared to 2005.

The General Fund's ending fund balance is considered very adequate, representing the equivalent of 139% of annual expenditures.

The debt service fund continues to accumulate fund balances for future debt service payments.

BUDGETARY HIGHLIGHTS

The General Fund - The revenue side of the original budget for the General Fund was increased by \$812,000 or 20% this year over last year. The primary change in the general fund's revenue budget relates to the increase in anticipated aquatic center revenues.

The expenditure side of the original budget for the general fund was decreased by \$454,600 or 7% this year from last year. The primary change relates to the decrease in anticipated recreation capital outlay.

SULPHUR PARKS AND RECREATION  
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Management's Discussion and Analysis (Continued)

The actual revenues were more than the budget by \$610,370 or 13% and the actual expenditures were less than the budget by \$1,413,590 or 24%.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The District's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2006, was \$38,308,383. See Note D for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	<u>2006</u>	<u>2005</u>
Non-depreciable asset:		
Land	\$ 20,262,232	\$ 20,262,232
Construction in progress	<u>1,978,826</u>	<u>1,203,579</u>
Total non-depreciable	<u>\$ 22,241,058</u>	<u>\$ 21,465,811</u>
Depreciable assets:		
Buildings	\$ 15,736,841	\$ 15,720,797
Furniture & fixtures	25,281	20,281
Transportation equipment	192,179	173,194
Equipment	2,541,669	2,482,524
Infrastructures	<u>432,998</u>	<u>430,913</u>
Total depreciable assets	18,928,968	18,827,709
Less accumulated depreciation	<u>2,861,643</u>	<u>2,300,329</u>
Book value-depreciable assets	<u>\$ 16,067,325</u>	<u>\$ 16,527,380</u>
Percentage depreciated	<u>15 %</u>	<u>12 %</u>
Book value-all assets	<u>\$ 38,308,383</u>	<u>\$ 37,993,191</u>

At December 31, 2006, the depreciable capital assets for governmental activities were 15% depreciated. This compares more than the December 31, 2005 percentage. This comparison indicates that the District replaced its assets at a lower rate than they are depreciating.

The major additions are:

- McMurry Park Expansion

SULPHUR PARKS AND RECREATION  
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Management's Discussion and Analysis (Continued)

Long-term debt

At the end of the fiscal year, the District had total bonded debt outstanding of \$8,045,000. All of this amount is backed by the full faith and credit of the District (general obligation bonds) with debt service funded by property taxes.

During the year, the District retired \$960,000 of obligations. See Note E for additional information regarding long-term debt.

ECONOMIC CONDITIONS AFFECTING THE DISTRICT

Since the primary revenue stream for the District is property taxes, the District's property tax revenues are subject to changes in the economy.

On September 23, 2005 Hurricane Rita struck Southwest Louisiana causing significant damage is to the District's property and its infrastructure. Through December 31, 2006, all Hurricane related expenses/costs have been paid and/or accounted for. The total damage resulted in \$1,318,975 of which \$1,304,639 was reimbursed by insurance and FEMA, and \$14,336 was unreimbursed loss to the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the District's Director Norman Farr, 400 Picard Road, Sulphur, LA 70663.



**GRAGSON, CASIDAY & GUILLORY, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

May 21, 2007

Board of Commissioners  
Sulphur Parks and Recreation  
Sulphur, Louisiana

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Sulphur Parks and Recreation, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 2006, as listed in the table of contents. These basic financial statements are the responsibility of Sulphur Parks and Recreation management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Sulphur Parks and Recreation as of December 31, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 21, 2007 on our consideration of Sulphur Parks and Recreation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. This report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Sulphur Parks and Recreation  
Page Two

The Management's Discussion and Analysis and the required supplemental information are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

*Gragson, Casiday & Guillory*

**BASIC FINANCIAL STATEMENTS**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

SULPHUR PARKS AND RECREATION  
Sulphur, Louisiana

Statement of Net Assets

December 31, 2006

<b>ASSETS</b>	
Cash	\$ 3,063,257
Receivables	5,014,831
Due from other funds	64,739
Inventory	18,897
Capital assets:	
Land	20,262,232
Capital assets, net	<u>18,046,151</u>
Total assets	<u>46,470,107</u>
 <b>LIABILITIES</b>	
Accounts and other accrued payables	245,510
Interest payable	130,641
Due to other funds	64,739
Long-term liabilities:	
Due within one year	1,005,000
Due after one year	<u>7,040,000</u>
Total liabilities	<u>8,485,890</u>
 <b>NET ASSETS</b>	
Invested in capital assets, net of related debt	30,263,383
Restricted for:	
Debt service	1,532,683
Inventory	18,897
Unrestricted	<u>6,169,254</u>
Total net assets	<u>\$ 37,984,217</u>

The accompanying notes are an integral part of the basic financial statements.

**SULPHUR PARKS AND RECREATION**  
Sulphur, Louisiana

**Statement of Activities**

Year Ended December 31, 2006

	Program Revenues			Net (Expense) Revenues and Changes in Net Assets
	Fees, Fines and Charges for Services	Operating Grants and Contributions	Total	
<b>Activities</b>				
Governmental activities:				
General and administrative	\$ 858,055	\$ -	\$ (858,055)	
Recreation	1,291,377	81,174	(1,210,203)	
Aquatic center	1,209,687	1,091,418	(118,269)	
Golf course	635,863	630,774	(5,089)	
Grill	41,157	40,989	(168)	
Swimming pools	43,229	-	(43,229)	
Tennis	29,950	3,910	(26,040)	
Interest on long-term debt	286,385	-	(286,385)	
Total Governmental Activities	\$ 4,395,703	\$ 1,848,265	(2,547,438)	
General revenues:				
Taxes -				
Property taxes, levied for general purposes			3,340,942	
Property taxes, levied for debt service			1,553,235	
State revenue sharing			78,453	
Interest			187,389	
Miscellaneous			10,330	
Total general revenues			5,170,349	
Change in net assets			2,622,911	
Net assets -- Beginning			35,361,306	
Net assets -- Ending			\$ 37,984,217	

The accompanying notes are an integral part of the basic financial statements.

## FUND FINANCIAL STATEMENTS

## FUND DESCRIPTIONS

### General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

### Debt Service Fund

The Debt Service Fund accounts for transactions relating to resources retained and used for payment of principal and interest on long-term obligations.

### Capital Projects Fund

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

SULPHUR PARKS AND RECREATION  
Sulphur, Louisiana

Balance Sheet – Governmental Funds

December 31, 2006

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,953,414	\$ 109,843	\$ -	\$ 3,063,257
Receivables:				
Ad valorem tax, net	3,352,249	1,553,481	-	4,905,730
State revenue sharing	52,302	-	-	52,302
Other	56,799	-	-	56,799
Due from other funds	-	-	64,739	64,739
Inventory, at cost	<u>18,897</u>	<u>-</u>	<u>-</u>	<u>18,897</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 6,433,661</b></u>	<u><b>\$ 1,663,324</b></u>	<u><b>\$ 64,739</b></u>	<u><b>\$ 8,161,724</b></u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 21,531	\$ -	\$ 64,739	\$ 86,270
Accrued liabilities	159,240	-	-	159,240
Due to other funds	<u>64,739</u>	<u>-</u>	<u>-</u>	<u>64,739</u>
Total liabilities	<u>245,510</u>	<u>-</u>	<u>64,739</u>	<u>310,249</u>
<b>FUND BALANCES</b>				
Reserved for inventory	18,897	1,663,324	-	18,897
Reserved for debt service	-	-	-	1,663,324
Unreserved - undesignated	<u>6,169,254</u>	<u>-</u>	<u>-</u>	<u>6,169,254</u>
Total Fund Balances	<u>6,188,151</u>	<u>1,663,324</u>	<u>-</u>	<u>7,851,475</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><b>\$ 6,433,661</b></u>	<u><b>\$ 1,663,324</b></u>	<u><b>\$ 64,739</b></u>	<u><b>\$ 8,161,724</b></u>

The accompanying notes are an integral part of the basic financial statements.

SULPHUR PARKS AND RECREATION  
Sulphur, Louisiana

Reconciliation of the Balance Sheet – Governmental Funds  
to the Statement of Net Assets

December 31, 2006

Total fund balance for governmental funds at December 31, 2006:	\$ 7,851,475
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Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 20,262,232	
Capital assets, net of \$2,861,643 accumulated depreciation	<u>18,046,151</u>	38,308,383

Long-term liabilities at December 31, 2006:

Bonds payable	(8,045,000)	
Accrued interest payable	<u>(130,641)</u>	<u>(8,175,641)</u>

Total net assets of governmental activities at December 31, 2005	<u>\$ 37,984,217</u>
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The accompanying notes are an integral part of the basic financial statements.



SULPHUR PARKS AND RECREATION  
Sulphur, Louisiana

Statement of Revenues, Expenditures and Changes  
in Fund Balances - Governmental Funds

Year Ended December 31, 2006

	<u>General</u>	<u>Debt Service</u>
REVENUES		
Ad valorem tax	\$ 3,340,942	\$ 1,553,235
State revenue sharing	78,453	-
Recreation center concessions	81,174	-
Aquatic center	1,091,418	-
Golf course	630,774	-
Grill	40,989	-
Tennis	3,910	-
Interest	173,380	14,009
Miscellaneous	10,330	-
Total Revenues	<u>5,451,370</u>	<u>1,567,244</u>
EXPENDITURES		
Current operating:		
Recreation	1,900,315	-
Aquatic center	839,147	-
Golf course	685,924	-
Grill	46,743	-
Swimming pools	43,229	-
Tennis	29,950	-
General and administration	879,202	-
Debt service		
Principal	-	960,000
Interest	-	301,375
Total Expenditures	<u>4,424,510</u>	<u>1,261,375</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,026,860	305,869
FUND BALANCE - BEGINNING	<u>5,161,291</u>	<u>1,357,455</u>
FUND BALANCE - ENDING	<u>\$ 6,188,151</u>	<u>\$ 1,663,324</u>

The accompanying notes are an integral part of the basic financial statements.

<u>Capital Projects</u>	<u>Total</u>
\$ -	\$ 4,894,177
-	78,453
-	81,174
-	1,091,418
-	630,774
-	40,989
-	3,910
-	187,389
-	10,330
<u>-</u>	<u>7,018,614</u>
-	
-	1,900,315
-	839,147
-	685,924
-	46,743
-	43,229
-	29,950
-	879,202
-	960,000
-	301,375
<u>-</u>	<u>5,685,885</u>
-	
-	1,332,729
<u>-</u>	<u>6,518,746</u>
<u>\$ -</u>	<u>\$ 7,851,475</u>

SULPHUR PARKS AND RECREATION  
Sulphur, Louisiana

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances-Governmental Funds to the Statement of Activities

Year Ended December 31, 2006

Total net changes in fund balances at December 31, 2006 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 1,332,729
The change in net assets reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 962,349
Depreciation expense for the year ended December 31, 2006	<u>(647,157)</u> 315,192
Governmental funds report bonded debt repayments as expenditures. However, this expenditure does not appear in the statement of activities since the payment is applied against the bond payable on the statement of net assets	960,000
Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis	<u>14,990</u>
Total changes in net assets at December 31, 2006 per Statement of Activities	<u>\$ 2,622,911</u>

The accompanying notes are an integral part of the basic financial statements.

**SULPHUR PARKS AND RECREATION**  
Sulphur, Louisiana

**Notes to Financial Statements**

December 31, 2006

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Sulphur Parks and Recreation was created by the Calcasieu Parish Police Jury as authorized by Act 82 of 1948. The district is governed by a board of five commissioners who are appointed by the Calcasieu Parish Police Jury. The District establishes regulations governing the parks, playgrounds and community centers and provides administration, management, maintenance and operations of the facilities.

**1. Reporting Entity**

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, the Sulphur Parks and Recreation includes all funds, account groups, et cetera, that are within the oversight responsibility of the Sulphur Parks and Recreation.

As the governing authority, for reporting purposes, the Calcasieu Parish Police Jury is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Calcasieu Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body and
  - a. The ability of the Calcasieu Parish Police Jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Calcasieu Parish Police Jury.
2. Organizations for which the Calcasieu Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Calcasieu Parish Police Jury.
3. Organizations for which the reporting entity financial statements could be misleading if data of the organization is not included because of the nature or significance of the relationship.

SULPHUR PARKS AND RECREATION  
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2006

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Based upon the application of these criteria, Sulphur Parks and Recreation is a component unit of the Calcasieu Parish Police Jury's reporting entity.

**2. Basis of Presentation**

The accompanying basic financial statements of Sulphur Parks and Recreation have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments", issued in June 1999.

**Government-Wide Financial Statements**

The Statement of Net Assets and the Statement of Activities display information about the District as a whole. The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the District, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements**

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The emphasis on fund financial statements is on major funds, each displayed on a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds of that category or type; and total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

SULPHUR PARKS AND RECREATION  
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The District reports the following major funds:

The General Fund is the primary operating fund of the District. It accounts for all financial resources except those that are required to be accounted for in other funds.

The Debt Service Fund accounts for transactions relating to resources retained and used for payment of principal and interest on long-term obligations.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

3. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide of net assets and the statement of activities, activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

SULPHUR PARKS AND RECREATION  
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Accounting

In the government-wide statement of net assets and statement of activities, activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources management focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

4. Cash

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2006, the District has \$3,275,962 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$3,075,962 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

SULPHUR PARKS AND RECREATION  
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Budgets

A budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated. The budget was amended once during the year.

6. Inventory

Inventory is valued at cost, which approximates market, and is determined using the FIFO method. Inventory consists of golf equipment and concessions held for resale. Inventory at year end is equally offset by fund balance reserve.

7. Accounts Receivable

Sulphur Parks and Recreation utilizes the allowance method to recognize doubtful accounts for ad valorem taxes. The allowance for doubtful accounts at December 31, 2006 was \$0.00.

Uncollectible amounts due for other receivables of governmental funds are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible.

8. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet.

SULPHUR PARKS AND RECREATION  
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

9. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	20-40 years
Furniture and fixtures	5-7 years
Equipment	5-7 years
Transportation equipment	5 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

10. Compensated Absences

Vacation time is earned at various rates depending on years of service. Earned vacation time is generally required to be used within one year of accrual and is not cumulative.

Sick leave is earned at various rates depending on years of service. Employees can accumulate up to fifteen weeks of unused sick leave. Upon retirement or termination, employees are not paid for any accumulated sick leave.

11. Long-Term Debt

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

SULPHUR PARKS AND RECREATION  
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

12. Equity Classification

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

13. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

14. Revenues, Expenditures, and Expenses

Program Revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the District's taxpayers, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

SULPHUR PARKS AND RECREATION  
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January and February of the fiscal year. Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

Expenditures

The District primary expenditures include salaries and insurance, which are recorded when the liability is incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

Other Financial Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) when the transfer is authorized by the District.

NOTE B - AD VALOREM TAXES

For the year ended December 31, 2006 taxes were levied on property with taxable assessed valuations as follows:

	<u>Approximate Valuations</u>	<u>Taxes</u>
General corporate purposes	\$ 338,597,030	10.25 mills
Debt services	338,597,030	4.75 mills

**SULPHUR PARKS AND RECREATION**  
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2006

**NOTE C - CAPITAL ASSETS**

A summary of changes in capital assets for the year ended December 31, 2006 follows:

	Beginning of Year	Additions	Deletions	End of Year
Governmental activities:				
Land	\$ 20,262,232	\$ -	\$ -	\$ 20,262,232
Buildings	15,720,797	16,044	-	15,736,841
Furniture and Fixtures	20,281	5,000	-	25,281
Transportation Equipment	173,194	18,985	-	192,179
Equipment	2,482,524	144,988	(85,843)	2,541,669
Infrastructures	430,913	2,085	-	432,998
Construction In Progress	1,203,579	775,247	-	1,978,826
Totals at historical cost	40,293,520	962,349	(85,843)	41,170,026
Less accumulated depreciation for:				
Buildings	711,803	431,183	-	1,142,986
Furniture and Fixtures	19,921	92	-	20,013
Transportation Equipment	165,972	5,420	-	171,392
Equipment	1,385,582	197,816	(85,843)	1,497,555
Infrastructures	17,051	12,646	-	29,697
Total accumulated depreciation	2,300,329	647,157	(85,843)	2,861,643
Governmental activities capital assets, Net	<u>\$ 37,993,191</u>	<u>\$ 315,192</u>	<u>\$ -</u>	<u>\$ 38,308,383</u>

Depreciation expense was charged to governmental activities as follows:

General and administrative	\$ 14,012
Aquatic center	393,760
Recreation	183,695
Golf course	55,554
Grill	136
Swimming pools	-
Tennis	-
Total	<u>\$ 647,157</u>

SULPHUR PARKS AND RECREATION  
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2006

NOTE C - CAPITAL ASSETS - CONTINUED

The construction in progress at December 31, 2006 consisted of the following:

<u>Project</u>	<u>Costs Through December 31, 2006</u>	<u>Estimated Remaining Costs to Complete</u>
McMurry Park Expansion	\$ 1,903,826	\$ 2,000,000
Ackel Drainage Project	<u>75,000</u>	120,000
	<u>\$ 1,978,826</u>	

NOTE D - RETIREMENT COMMITMENTS

Full-time employees of the district are members of the Parochial Employees' Retirement System of Louisiana, a multi-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Eligible employees of the district were members of Plan A during 2006.

Under Plan A, members with 10 years of creditable service may retire at age sixty; members with 25 years of service may retire at age fifty-five; members with 30 years of service may retire regardless of age. The retirement allowance is equal to three percent of the member's final average compensation (defined as the average of the highest consecutive 36 months) multiplied by his years of creditable service. However, any employee who was a member of the supplemental plan only prior to the revision date has the benefit earned for service credited prior to the revision date on the basis of one percent of final compensation plus two dollars per month for each year credited prior to the revision date, and three percent of final compensation for each year of service credited after the revision date. The retirement allowance may not exceed the greater of one hundred percent of a member's final salary or the final compensation.

SULPHUR PARKS AND RECREATION  
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2006

NOTE D - RETIREMENT COMMITMENTS - CONTINUED

Contributions to the System include 1/4 of 1% of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. State statute requires covered employees to contribute a percentage of their salaries, 2% under Plan B and 9.5% under Plan A, to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The employer contributions for 2006 were 12.75% of covered employees' salaries under Plan A.

The payroll for the District employees covered by the system for the year ended December 31, 2006 was \$1,022,571; the District's total payroll was \$1,621,179. The District contributed \$130,377 to the system during the year.

NOTE E - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended December 31, 2006:

	<u>Beginning of Year</u>	<u>Issued</u>	<u>Retired</u>	<u>End of Year</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation	\$ 9,005,000	\$ -	\$ 960,000	\$ 8,045,000	\$ 1,005,000

The payments on the bonds payable are made by the debt service fund.

Long-term liabilities at December 31, 2006 are comprised of the following individual issues:

General Obligation Bonds:

\$10,800,000 Public Improvement bonds dated 1/15/03; due in varying annual installments of \$1,005,000-\$1,305,000 through January 15, 2013; interest at varying rates from 3.125%-5.000% (This issue secured by a pledge of the 4.75 property tax millage)

\$ 8,045,000

SULPHUR PARKS AND RECREATION  
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2006

NOTE E - LONG-TERM LIABILITIES – CONTINUED

The annual requirements to amortize the bonds are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 1,005,000	\$ 267,389
2008	1,050,000	231,273
2009	1,095,000	195,132
2010	1,145,000	158,271
2011	1,195,000	116,711
2012-2013	<u>2,555,000</u>	<u>97,040</u>
	<u>\$ 8,045,000</u>	<u>\$ 1,065,816</u>

NOTE F - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE G - DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full time employees which have been employed by the District for 12 consecutive months, permits them to defer a portion of their salaries until future years. The District will match sixty-seven percent (67%) of the employee's contribution to a maximum of six percent (6%) of the employee's salary, not to include compensatory time or expense reimbursement. The deferred compensation is not available to employees until termination, retirement, or unforeseeable emergency. Deferred compensation is available to employees' beneficiaries in case of death.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the District (without being restricted to the provisions of benefits under the plan), subject only to the claims of the District's general creditors. Participants' rights under the plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred account for each participant.

SULPHUR PARKS AND RECREATION  
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2006

**NOTE G - DEFERRED COMPENSATION PLAN - CONTINUED**

In management's opinion, the District has no liability for losses under the plan. However, the District does have the duty of due care that would be required of an ordinary prudent investor. The District believes it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

**NOTE H – BOARD COMMISSIONER PER DIEM**

There is no per diem paid to Board Commissioners.

**NOTE I – CONTINGENCIES**

On September 23, 2005 Hurricane Rita struck Southwest Louisiana causing significant damage to the District's property and its infrastructure. Through December 31, 2006, all Hurricane related expenses/costs have been paid and/or accounted for. The total damage resulted in \$1,318,975 of which \$1,304,639 was reimbursed by insurance and FEMA, and \$14,336 was unreimbursed loss to the District.

REQUIRED SUPPLEMENTAL INFORMATION

SULPHUR PARKS AND RECREATION  
Sulphur, Louisiana

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2006

	<u>Budget</u> <u>Original</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Ad valorem tax	\$ 3,200,000	\$ 3,340,942	\$ 140,942
State revenue sharing	50,000	78,453	28,453
Recreation center concessions	113,000	81,174	(31,826)
Aquatic center	749,000	1,091,418	342,418
Golf course	625,000	630,774	5,774
Grill	45,000	40,989	(4,011)
Tennis	10,000	3,910	(6,090)
Interest	45,000	173,380	128,380
Miscellaneous	4,000	10,330	6,330
Total Revenues	<u>4,841,000</u>	<u>5,451,370</u>	<u>610,370</u>
<b>EXPENDITURES</b>			
Current operating:			
Recreation	2,990,100	1,900,315	1,089,785
Aquatic center	900,200	839,147	61,053
Golf course	803,500	685,924	117,576
Grill	55,000	46,743	8,257
Swimming pools	61,000	43,229	17,771
Tennis	47,300	29,950	17,350
General and administration	981,000	879,202	101,798
Total Expenditures	<u>5,838,100</u>	<u>4,424,510</u>	<u>1,413,590</u>
Excess (deficiency) of revenues over expenditures	(997,100)	1,026,860	2,023,960
FUND BALANCE – Beginning	<u>5,161,291</u>	<u>5,161,291</u>	<u>-</u>
FUND BALANCE – Ending	<u>\$ 4,164,191</u>	<u>\$ 6,188,151</u>	<u>\$ 2,023,960</u>



**GRAGSON, CASIDAY & GUILLORY, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.  
RICHARD W. CASIDAY, C.P.A.  
RAYMOND GUILLORY, JR., C.P.A.  
GRAHAM A. PORTUS, E.A.  
COY T. VINCENT, C.P.A.  
MICHELLE LEE, C.P.A.  
BRADLEY J. CASIDAY, C.P.A., C.V.A.  
JULIA W. PORTUS, C.P.A.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND OTHER MATTERS AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

May 21, 2007

Board of Commissioners  
Sulphur Parks and Recreation  
Sulphur, Louisiana

We have audited the financial statements of the Sulphur Parks and Recreation, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 2006, and have issued our report thereon dated May 21, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Sulphur Parks and Recreation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance and other matters with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sulphur Parks and Recreation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined below.

Board of Commissioners  
Sulphur Parks and Recreation  
May 21, 2007  
Page Two

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

This report is intended solely for the information and use of the management and the Board of Commissioners and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Gragson, Casiday & Guillory*

SULPHUR PARKS AND RECREATION  
Sulphur, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2006

I. Summary of Auditors' Results

Type of auditors' report issued: unqualified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_ yes      X no

Control deficiency(ies) identified that are

not considered to be material weakness(es)?

\_\_\_ yes      X none reported

Noncompliance material to financial

statements noted?

\_\_\_ yes      X no

II. FINANCIAL STATEMENT FINDINGS

None

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

N/A

IV. Prior Year Findings

None